

## Message Text

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PAGE 01 STATE 137808  
ORIGIN EB-07

INFO OCT-01 EUR-12 ISO-00 TRSE-00 AID-05 L-03 PRS-01  
H-01 OMB-01 /031 R

DRAFTED BY EB/IFD/OMA:CHERVIN  
APPROVED BY EB/PHBOEKER  
EUR/WE:KSMITH  
TREAS:POCONNELL  
EUR/NE:EDJEREJIAN

-----142240Z 068901 /70

P 142104Z JUN 77  
FM SECSTATE WASHDC  
TO AMEMBASSY THE HAGUE PRIORITY

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E.O. 11652: N/A

TAGS: EFIN, PO, NL

SUBJECT: FINANCIAL ASSISTANCE FOR PORTUGAL

REF: STATE 127729

1. AMBASSADOR IS REQUESTED TO APPROACH HIGH LEVEL GON OFFICIALS TO URGE A POSITIVE AND TIMELY GON DECISION ON PARTICIPATION IN THE PROPOSED INTERNATIONAL LENDING ARRANGEMENT FOR PORTUGAL.

2. THE U.S. APPRECIATES SPECIAL GON DIFFICULTIES IN FINDING A SUITABLE MODALITY FOR PARTICIPATION IN THE PROPOSED LENDING ARRANGEMENT. WHILE DISBURSEMENT OF A GON CONTRIBUTION MIGHT NOT BE POSSIBLE BEFORE THE END OF THIS YEAR, WE WOULD HOPE THAT THE HAGUE WOULD BE PREPARED TO ANNOUNCE ITS INTENTION TO PARTICIPATE AND THE LIKELY LIMITED OFFICIAL USE

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PAGE 02 STATE 137808

MAGNITUDE OF ITS CONTRIBUTION AT THE JUNE 22 MEETING.

3. THE U.S. BELIEVES THE PROPOSED LENDING ARRANGEMENT WOULD BE AN EFFECTIVE MEANS TO RATIONALIZE MEDIUM-TERM ASSISTANCE TO PORTUGAL. IT WOULD ALSO ALLOW SUFFICIENT FLEXIBILITY SO THAT INDIVIDUAL COUNTRIES CAN MAKE THEIR CONTRIBUTIONS THROUGH FINANCING MECHANISMS WHICH BEST SUIT

THEIR ABILITIES. WITHIN THE FRAMEWORK FOR LOANS SPECIFIED  
AT THE MAY 16 MEETING COUNTRIES ARE CONSIDERING SEVERAL

MODALITIES FOR INDIVIDUAL CONTRIBUTIONS. THESE INCLUDE  
(1) APPROPRIATED FUNDS SUCH AS THE PROPOSED U.S. CREDIT,  
(2) CONTRIBUTIONS FROM PREVIOUSLY APPROPRIATED AID  
BUDGETS, (3) CENTRAL BANK CREDITS WHERE A MEDIUM-TERM  
MECHANISM EXISTS, (4) UNTIED CREDITS FROM EXPORT-IMPORT  
BANKS, (5) OFFICIALLY GUARANTEED PRIVATE BANK LOANS. IT  
IS OUR UNDERSTANDING FOR EXAMPLE THAT THE GON MAY HAVE  
CONSIDERABLE FLEXIBILITY TO REPROGRAM ASSISTANCE FUNDS  
WITHIN ITS AID BUDGET. WE URGE THE GON TO CONTINUE TO  
EXPLORE ALTERNATIVE MECHANISMS TO ENABLE THEIR PARTICIPA-  
TION IN THE ASSISTANCE EFFORT FOR PORTUGAL.

4. THE U.S. IS ANTICIPATING A SUCCESSFUL OUTCOME TO THE  
JUNE 22 MEETING. INFORMALLY, AMBASSADOR MAY INDICATE  
THAT COUNTRIES WHICH ARE ALREADY PREPARED TO MAKE A  
POSITIVE ANNOUNCEMENT INCLUDE THE U.S., THE FEDERAL  
REPUBLIC OF GERMANY, FRANCE, ITALY, SWITZERLAND, AND  
NORWAY. ALTHOUGH STILL UNSURE OF THE MODALITY OF THEIR  
ASSISTANCE, THE JAPANESE HAVE EXPRESSED WILLINGNESS TO  
MAKE A SUBSTANTIAL CONTRIBUTION. SIMILARLY, OTHER  
COUNTRIES INCLUDING CANADA, AUSTRIA, SWEDEN, THE UNITED  
KINGDOM AND VENEZUELA HAVE INDICATED THEIR INTENTION TO  
PARTICIPATE, BUT HAVE NOT SPECIFIED THE FORM OR AMOUNT FOR  
THEIR ASSISTANCE. FOR ITS PART, THE PROPOSED U.S. LOAN  
IS GAINING INCREASING SUPPORT IN THE U.S. CONGRESS. THE  
HOUSE APPROPRIATIONS COMMITTEE APPROVED THE \$300 MILLION  
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PAGE 03 STATE 137808

U.S. LOAN JUNE 14. WE EXPECT A FAVORABLE SENATE ACTION  
ON THE APPROPRIATION BY THE END OF JUNE. THE U.S. IS  
CONFIDENT THAT OUR CONGRESS WILL APPROVE THE U.S. CONTRI-  
BUTION AND THAT THE SUPPORT OF OTHER COUNTRIES WILL MAKE  
THIS A SUBSTANTIAL AND TRULY INTERNATIONAL UNDERTAKING.

5. PLEASE EMPHASIZE THAT MAINTAINING PORTUGAL'S YOUNG  
DEMOCRACY IS INTIMATELY LINKED TO RESOLUTION OF PORTUGAL'S  
BALANCE OF PAYMENTS PROBLEM, AS WAS BROADLY AGREED AT THE  
MAY 16 MEETING. GIVEN THE NETHERLANDS STRONG DEMOCRATIC  
TRADITION AND ROLE IN THE EC WE WOULD HOPE THAT IT WOULD  
JOIN THE GROWING LIST OF COUNTRIES PREPARED TO PARTICI-  
PATE IN A JOINT EFFORT TO MEET PORTUGAL'S NEEDS. CHRISTOPHER

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INFO OCT-01 EUR-12 ISO-00 /020 R

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DRAFTED BY EB/IFD/OMA:C H ERVIN

APPROVED BY EB/IFD/OMA:R JRRYAN

-----160650Z 087507 /15

R 160229Z JUN 77

FM SECSTATE WASHDC

TO AMEMBASSY LISBON

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FOL REPEAT STATE 137808 ACTION THE HAGUE DTD 14 JUN.

QUOTE

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E.O. 11652: N/A

TAGS: EFIN, PO, NL

SUBJECT: FINANCIAL ASSISTANCE FOR PORTUGAL

REF: STATE 127729

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PAGE 03 STATE 137808

THEIR ASSISTANCE. FOR ITS PART, THE PROPOSED U.S. LOAN IS GAINING INCREASING SUPPORT IN THE U.S. CONGRESS. THE HOUSE APPROPRIATIONS COMMITTEE APPROVED THE \$300 MILLION U.S. LOAN JUNE 14. WE EXPECT A FAVORABLE SENATE ACTION ON THE APPROPRIATION BY THE END OF JUNE. THE U.S. IS CONFIDENT THAT OUR CONGRESS WILL APPROVE THE U.S. CONTRIBUTION AND THAT THE SUPPORT OF OTHER COUNTRIES WILL MAKE THIS A SUBSTANTIAL AND TRULY INTERNATIONAL UNDERTAKING.

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UNQUOTE CHRISTOPHER

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01-Jan-1994 12:00:00 am  
**Channel Indicators:** n/a  
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**Concepts:** FINANCIAL CONTRIBUTIONS, FOREIGN ASSISTANCE  
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**Disposition Approved on Date:**  
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**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 22 May 2009  
**Disposition Event:**  
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**Document Number:** 1977STATE137808  
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**Document Unique ID:** 00  
**Drafter:** CHERVIN  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Expiration:**  
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**Litigation History:**  
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**Message ID:** c4b5417d-c288-dd11-92da-001cc4696bcc  
**Office:** ORIGIN EB  
**Original Classification:** LIMITED OFFICIAL USE  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
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**Reference:** 77 STATE 127729  
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**TAGS:** EFIN, EAID, PO, NL  
**To:** THE HAGUE  
**Type:** TE  
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**Review Markings:**  
Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
22 May 2009  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009